

ITEMS OF INTEREST FOR COMPTROLLER'S DIRECTIVE NO. 1-10 DIRECTIVE COMPLIANCE GUIDELINES FOR STATE AGENCIES

If the information requested in the supplemental section is also provided on an attachment, contact the individuals listed in the Questions section of this Directive.

General

- The Directive is formatted to facilitate identification of specific agency requirements. Informational authoritative literature and guidance and the glossary are provided as a web link on DOA's website at www.doa.virginia.gov. Click on the "Financial Statement Directives" link. In addition, a frequently asked questions (FAQ) document has been prepared and provided.
- Agencies must comply with the requirements contained in the **Authoritative Literature/ Guidance for Preparation of GAAP Basis Fund Financial Statement Templates**, which can be found on DOA's website at www.doa.virginia.gov. Click on the "Financial Statement Directives" link.
- Any questions related to the Directive should be addressed to the following individuals:
 - ▶ Doug Page, Assistant Director, (804) 225-3136 or doug.page@doa.virginia.gov,
 - ▶ John Sotos, Assistant Director, (804) 225-2111 or john.sotos@doa.virginia.gov; or,
 - ▶ Sharon Lawrence, Director, (804) 225-2414 or sharon.lawrence@doa.virginia.gov.
- The Comptroller's Directive No. 1-10, Directive Compliance Guidelines for State Agencies, has been renumbered from the prior year's Comptroller's Directive No. 1-09.

Statement on Auditing Standards No. 115, Communicating Internal Control Related Matters Identified in an Audit (SAS 115), states that the identification by the auditors of a material misstatement is an indicator of a material weakness in internal control. This also includes restatements of previously issued financial statements to reflect a correction of a material misstatement. This applies to whether the auditors or the agency discovers the restatement. (Note: This does not apply to a change in accounting principle to comply with a new accounting principle or a voluntary change from one GAAP to another.) Agencies must ensure controls are in place to avoid material misstatements and/or misclassifications in the individually published financial statement (institution format) and the financial statement template (CAFR format).

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General, Continued

- On-line training on this directive is available at no charge to agencies. Several directive training modules are available to meet the diverse experience levels of agency fiscal staff. Participation **is strongly encouraged** for agencies that must complete information contained in this Directive. Continuing professional education (CPE) credits may be earned by participating in the on-line training. To register for any of the training modules, access the **Comptroller's Directives Team Room** in the **Knowledge Center** at: <https://covkc.virginia.gov>, click on the "Team Center" link, and then click the "Team Rooms" link. Search using the keyword "Directive" and click on the "DOA Comptroller's Directive" link. Click the "Contents" link (under Options) and finally click the course/reference you wish to access.
- Agencies will be notified within a few days of submission due dates if DOA determines the information provided is unacceptable. The deficiency will be identified and a revised date will be provided. Original submissions should be materially correct. Multiple submissions and / or failure to provide corrected information within the specified timeframe may result in citation in the Comptroller's *Quarterly Report on Statewide Financial Management and Compliance*.
- As in previous years, e-mail submissions are required for all submissions unless an individual submission indicates otherwise. Agencies should only submit **one** copy of each submission to DOA. Please note the e-mail addresses below:
 - For attachments only – finrept-agyatt@doa.virginia.gov
 - For supplemental information only – finrept-agysupp@doa.virginia.gov
 - All other correspondence – finrept@doa.virginia.gov

Agencies should remember to copy the Auditor of Public Accounts (APA) on all e-mail submissions at: APAFinRept@apa.virginia.gov.

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General, Continued

- The **Supplemental Information** requirements are numbered for each agency. When submitting the required information, the subject line of the e-mail should include the agency number, due date of the submission, and item number. For example, if the Department of Accounts is submitting items due on July 15, then the subject line would read “**Agy 151, Due Date July 15, 2010, Submissions, Item #.**”
 - When naming the actual file, include the Item # in the file name.
 - **DO NOT include different due date submissions within the same e-mail.**
 - When submitting revisions, include “**REVISED – date**” in the **subject line** of the e-mail as well as in the **file name**.
 - If revisions are made to previously submitted supplemental information, submit a completed **Attachment 31**, Supplemental Information – Revision Control Log.
 - **Beginning for fiscal year 2010**, a fluctuation analysis is now required for all supplemental submissions. For additional information, please see the **Supplemental Information** section of the Directive.
- The U007 and U008 Payroll Reports may be used by certain agencies to complete **Attachment 6**, Leave Liability for CIPPS and Non-CIPPS Users, Part 3 of the Non-CIPPS tab.
- For your convenience, the contact information in all but the first tab in each attachment / template continues to be auto filled with the information from the first tab, but the cells remain unlocked to allow for more than one preparer to complete the attachment.
- Only cells highlighted in yellow allow for data entry. Messages should appear to provide assistance to individuals having trouble entering data when the established parameters are not being followed. **Failure to correct keying errors denoted by validation messages prior to submission will prohibit acceptance of the attachment.**
- **Certification** is required for most submissions. This certification step requires the names of all preparers and reviewers to be included on all applicable submissions. Please note that there should be a segregation of duties; therefore, the preparer and the reviewer should not be the same individual for any submission. **By typing a name, the individual is certifying that all tabs of the attachment have been reviewed; the information is both complete and accurate; the preparer and reviewer were not the same individual for any tab; and that the preparer and reviewer have read and understand the instructions for completing the attachment.**

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- Revision control logs are included in the majority of the attachment workbooks. These logs require the agency to identify the specific worksheets and tabs that have been modified **after** DOA's original acceptance. These logs should also provide a cumulative listing of changes to each attachment. The individual attachment instructions indicate whether the revision control log is applicable. **Failure to adhere to the revision instructions specified for each attachment will prohibit acceptance of revisions.** Include "REVISED – date" in the subject line of the e-mail as well as in the file name. Each time a revision is submitted, the **Certification** tab should be updated with new signatures and dates. DOA will notify agencies if problems are encountered with revision submissions.
- For CAFR reporting purposes, the Commonwealth capitalizes all equipment that has a cost or value greater than or equal to \$50,000 and an expected useful life of greater than two years. In addition, for CAFR reporting purposes, the Commonwealth capitalizes all other assets that have a cost or value greater than or equal to \$100,000 and an expected useful life of greater than two years. Proprietary agencies / funds will be able to specify the fund's individual capitalization limits in the financial statement template capital asset footnote tab.
- As a reminder, **GASBS No. 51**, *Accounting and Financial Reporting for Intangible Assets*, is effective for fiscal year 2010 and thereafter. This statement requires the Commonwealth to capitalize intangible assets such as software, timber rights, etc. Refer to the **Authoritative Literature / Guidance for Preparation of GAAP Basis Fund Financial Statement Templates**, **GASBS No. 51 Frequently Asked Questions**, and CAPP Manual Topic 30325, *Software and Other Intangible Assets*, on DOA's website at www.doa.virginia.gov for additional information. As further addressed in the **Attachments with Changes** section of this document, agencies are required to provide additional information related to intangible assets on various attachments.
- If an agency is required to prepare financial statements for purposes other than the Comptroller's Directive, the affected agencies will still have to prepare those financial statements. However, unless otherwise specified in the **Supplemental Information** section of the Directive, these financial statements will not have to be submitted to DOA. For those agencies that are audited by the APA, the APA will audit the template for CAFR purposes.

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General, Continued

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- **GASBS No. 53**, *Accounting and Financial Reporting for Derivative Instruments*, affects the way derivatives will be disclosed in the Commonwealth's Comprehensive Annual Financial Report beginning with fiscal year 2010. All agencies are required to indicate whether they held any derivative instruments during fiscal year 2010 as part of the completion of **Attachment 1**.
 - The requirements of **GASBS No. 54**, *Fund Balance Reporting and Governmental Fund Type Definitions*, are effective for fiscal year 2011 and thereafter. In order to prepare for the implementation of **GASBS No. 54**, DOA is requesting that agencies provide additional fund information when reviewing the Funds Description Spreadsheet this year. The spreadsheet will be an integral part of the analysis that DOA performs to implement **GASBS No. 54**.
 - As a reminder, DRES administered leases are reported by the Department of General Services (DGS) and not the line agency.
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Attachments with Changes

Attachment 1, Checklist to Determine Information Required by Comptroller's Directive:

- Question 2 on page 1 of the **Checklist** tab was modified in order to add emphasis that off-CARS activity includes activity related to boards, foundations, councils, etc.
- Criteria for determining whether an agency is required to complete **Attachment 8**, Schedule of Inventory on Hand as of June 30 have changed.
- The **Fund Description.xls** file was changed to ensure an effective implementation of **GASBS 54**, *Fund Balance Reporting and Governmental Fund Types Definitions*, effective for FY 2011. Also, the file is no longer password protected so that agencies which require changes to it may copy/paste the line items pertaining to their agency to a separate worksheet to reduce the size of file prior to e-mailing it to DOA.
- Question 5 on page 10 of the **Checklist** tab was modified to ensure the requirements of **GASBS 51**, *Accounting and Financial Reporting for Intangible Assets*, are addressed appropriately.
- Question 7 on page 10 of the **Checklist** tab was modified to ensure the requirements of **GASBS 53**, *Accounting and Financial Reporting for Derivative Instruments*, are addressed appropriately.

Attachment 4, 2009 Off-Balance Sheet Financial Obligations Update:

- An additional column was added to the **Survey** tab to include a reason for revision.

Attachment 6, Leave Liability Statement – CIPPS and Non-CIPPS Users:

- The **Variance – Part 5** tab was revised to require separate variance explanations for current and long-term liability.

Attachment 8, Schedule of Inventory on Hand as of June 30:

- Additional clarification was added to the **Inventory** tab to address donated inventory.

Attachment 9, Governmental Fund Financial Statement Template

- Additional question added to **Tab 4 – Miscellaneous** tab to address donated inventory.
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Attachments with Changes, continued

Attachment 10, Enterprise Fund Financial Statement Template

- Additional lines for intangible assets were added to **Tab 3 – Capital Assets** tab to ensure the requirements of **GASBS 51**, *Accounting and Financial Reporting for Intangible Assets*, are addressed
- Additional questions added to **Tab 7 – Miscellaneous** tab to address donated inventory and an additional section was added to ensure the requirements of **GASBS 51**, *Accounting and Financial Reporting for Intangible Assets*, are addressed

Attachment 11, Internal Service Fund Financial Statement Template

- Additional lines for intangible assets were added to **Tab 3 – Capital Assets** tab to ensure the requirements of **GASBS 51**, *Accounting and Financial Reporting for Intangible Assets*, are addressed
- Additional questions added to **Tab 7 – Miscellaneous** tab to address donated inventory and an additional section was added to ensure the requirements of **GASBS 51**, *Accounting and Financial Reporting for Intangible Assets*, are addressed.

Attachment 12, Private-purpose Trust Fund Financial Statement Template

- Additional question added to **Tab 3 – Miscellaneous** tab to address donated inventory.

Attachment 14, Capital Asset Accounting and Control System (FAACS) Analysis:

- Added Part 4 to the **Questions – Part 2** tab
- Added columns to **CIP Analysis – Part 4** and **CIP Analysis – Part 5** tabs to capture P-Voucher Information for Capital Assets Other than CIP
- Added Part 5 to the **Questions – Part 2** tab.

Attachment 19, Pollution Remediation:

- **Tab 1 – Obligor Events** – Auto-populates prior year information based on selection from drop-down list
 - **Tab 4 – Remeasurement** – Added to capture re-measurement of activities included in prior year submissions
 - **Tab 6 – Liability** – Added a separate area to capture amount due within one year.
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Attachments with Changes, continued

Attachment 22, Receivables as of June 30

- **Expenditure Receivables** tab, **Revenue Receivables** tab, and **Loans Receivables** tab - Added a question to determine whether any receivables for federal funds listed will be used to reimburse a "non-federal" fund for expenditures incurred in FY 2010 and, if applicable, the fund that would be reimbursed

Attachment 26, GASBS No. 33 Federal Fund Analysis:

- A new column (Step 4) is included on the **Non-reimbursement Grants** tab to capture additional CARS coding, such as project codes.

Attachment 27, Government-wide Payables and Other Accruals as of June 30

- A new column (Step 7) is included on the **Other Accruals Detail** tab to capture additional CARS coding, such as project codes
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